

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 146

January 14, 2021

SUMMARY OF BILL: Clarifies that, for the purposes of exemption from the state portion of the sales and use tax for a contractor or subcontractor using tangible personal property in the performance of a contract, the contractor or subcontractor is exempt if the work is being done for a nonprofit academic medical center and teaching hospital that operates as a separate nonprofit corporation, but which, when founded, was operated as a division of a private nonprofit college or university and continues to provide education and training of physicians, nurses, and other healthcare professionals.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$17,500/FY21-22 and Subsequent Years

Assumptions:

- It is estimated that this legislation would affect multiple contractors under contract with one academically linked hospital in particular; the taxable base for current and future projects is unknown at this time.
- However, it is assumed that a minimum of \$250,000 in annual spending on tangible personal property by such contractors is incurred, resulting in a recurring decrease in state revenue exceeding \$17,500 (\$250,000 x 7.0%). Any decrease in local government revenue is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic".

Bojan Savic, Interim Executive Director

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